

CITY OF BLOOMFIELD, IOWA

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
SUPPLEMENTARY AND OTHER INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2013

CITY OF BLOOMFIELD, IOWA

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CITY OF BLOOMFIELD, IOWA

OFFICIALS  
JUNE 30, 2013

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Chris Miller	Mayor	January 2014
Jeff Anderson	Mayor Pro Tem	January 2014
Jeff Anderson	Council Member	January 2014
Leah Howk	Council Member	January 2014
Jerry Kincart	Council Member	January 2016
Jack Woolard	Council Member	January 2016
Earl Howard	Council Member	January 2016
Carol Taylor	Clerk/Treasurer	Indefinite
Michael Moreland	Attorney	January 2014

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members  
of the City Council:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bloomfield, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

### Management's Responsibility for The Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bloomfield, Iowa as of June 30, 2013, and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

## Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

## Other Matters

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bloomfield, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the eight years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, Management's Discussion and Analysis and the budgetary comparison information on pages 4 through 8 and 21 through 23 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 22, 2013 on our consideration of the City of Bloomfield, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Bloomfield, Iowa's internal control over financial reporting and compliance.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa  
November 22, 2013

# **CITY OF BLOOMFIELD, IOWA MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013**

The City of Bloomfield, Iowa provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

## **2013 FINANCIAL HIGHLIGHTS**

- Receipts (including transfers) from the City's governmental activities increased 25% or \$674,255 from fiscal year 2012 to fiscal 2013.
- Disbursements of the City's governmental activities decreased 25% or \$877,404 from fiscal 2012 to fiscal 2013. Public works disbursements decreased \$250,308, and capital projects disbursements increased \$1,049,859.
- The City's total cash basis net position increased 23% or \$1,088,118 from June 30, 2012 to June 30, 2013. Of this amount, the net position of the governmental activities increased \$31,715 and the net position of the business type activities increased by \$1,056,403. This increase is due primarily to an increase in capital project grant income.

## **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operation in more detail than the government-wide statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Other Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Supplementary Information provides detailed information about the non-major governmental funds and the City's indebtedness. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the City.

## **Basis of Accounting**

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

## REPORTING THE CITY'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statement*

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Position reports information that helps answer this question.

The Cash Basis Statement of Activities and Net Position presents the City's net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Cash Basis Statement of Activities and Net Position is divided into two kinds of activities:

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the water, sewer, electric and gas funds. These activities are financed primarily by user charges.

### *Fund Financial Statements*

The City has three kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Employee Benefits and Other TIF, 3) the Debt Service Fund, 4) the Capital Projects Funds and 5) the Permanent Funds. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

- 2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains four enterprise Funds to provide separate information for the water, sewer, electric and gas funds, all four are considered to be major funds of the City.

The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

- 3) Fiduciary funds are used to report assets held in a trust or agency capacity for other which can not be used to support the City's own programs. These fiduciary funds include Trust funds that account for Drug Awareness Resistance Education and Library Memorial to name a few.

The required financial statement for fiduciary funds is a Statement of Changes in Cash Balances.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, increasing from \$769,419 to \$801,134. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

### Changes in Cash Basis Net Position of Governmental Activities

	Year Ended June 30,	
	<u>2013</u>	<u>2012</u>
Receipts and transfers:		
Program receipts:		
Charges for service	\$ 355,159	\$ 345,612
Operating grants, contributions and restricted interest	393,697	787,950
Capital grants, contributions and restricted interest	1,240,219	258,214
General receipts:		
Property tax	814,929	766,138
Tax increment financing	358,255	349,999
Local option sales tax	221,461	193,214
Other general receipts	7,813	16,151
Total receipts	<u>3,391,533</u>	<u>2,717,278</u>
Disbursements:		
Public safety	740,675	705,974
Public works	617,026	867,334
Culture and recreation	358,343	360,449
Community and economic development	127,412	117,653
General government	142,302	146,189
Capital projects	1,549,160	459,915
Total disbursements	<u>3,534,918</u>	<u>2,657,514</u>
Change in cash basis net position before transfers	(143,385)	59,764
Transfers net	<u>175,100</u>	<u>315,845</u>
Change in cash basis net position	31,715	375,609
Cash basis net position beginning of year	<u>769,419</u>	<u>393,810</u>
Cash basis net position end of year	\$ <u>801,134</u>	\$ <u>769,419</u>

The City's total receipts for governmental activities increased 25% or \$674,255. The increase in receipts was primarily the result of proceeds from grants received by the City during the current year.

The total cost (disbursements) of all programs and services increased by \$877,404 or 33%. The increase in disbursements was primarily the result of more expenditures for capital projects during the current year.

### Changes in Cash Basis Net Position of Business Type Activities

	Year Ended June 30,	
	2013	2012
Receipts:		
Program receipts:		
Water	\$ 890,344	\$ 855,810
Sewer	582,585	555,957
Electric	3,385,741	3,255,401
Gas	897,962	894,332
General receipts:		
Unrestricted interest on investments	16,016	17,373
Other general receipts	<u>132,989</u>	<u>56,956</u>
Total receipts	<u>5,905,637</u>	<u>5,635,829</u>
Disbursements:		
Water	616,422	738,975
Sewer	426,784	328,807
Electric	2,921,299	2,956,466
Gas	<u>709,629</u>	<u>805,516</u>
Total disbursements	<u>4,674,134</u>	<u>4,829,764</u>
Change in cash basis net position before transfers	1,231,503	806,065
Transfers, net	<u>(175,100)</u>	<u>(315,845)</u>
Change in cash basis net position	1,056,403	490,220
Cash basis net position beginning of year	<u>2,778,306</u>	<u>2,288,086</u>
Cash basis net position end of year	\$ <u>3,834,709</u>	\$ <u>2,778,306</u>

Total business type activities receipts for the fiscal year increased \$269,808 or 5%. The increase in receipts was primarily the result of an increase in electric collections.

Total business type activities disbursements decreased \$155,630 or 3% from the prior year. This resulted primarily from a decrease in disbursements by the Water Fund.

### INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Bloomfield, Iowa completed the year, its governmental funds reported a combined fund balance of \$801,134, an increase of 4% from last year's total of \$769,419. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$91,882 from the prior year to \$165,124 due to a decrease in intergovernmental receipts during the current year (prior year increase was \$613,179).
- The Other TIF fund cash balance increased \$28,255 from the prior year primarily due to a decrease in transfers out.
- The Employee Benefits cash balance increased \$7,110 from the prior year to \$255,498 due to a decrease in expenditures in the current year.
- The Friends of the Bloomfield Library Fund cash balance increased \$5,024 from the prior year to \$185,027 due to a decrease in receipts compared to the prior year (prior year increase was \$24,401).
- The Water and Sewer CDBG Fund cash balance increased \$110,087 from prior year to \$110,087 due to grants received but no corresponding disbursements.
- The Airport Runway Project cash balance decreased \$122,380 due to an excess of disbursements over receipts.

## INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance increased \$125,801 to \$571,176 due to an increase in charges for service and a decrease in disbursements.
- The Sewer Fund cash balance increased \$5,662 to \$597,377 due to an increase in charges for service.
- The Electric Fund cash balance increased \$612,309 to \$1,595,105 due to an increase in charges for service and a decrease in disbursements.
- The Gas Fund cash balance increased \$312,631 to \$1,071,051 due to a decrease in charges for service and a decrease in disbursements.

## BUDGETARY HIGHLIGHTS

During the year ended June 30, 2013, the City amended its budget once resulting in an increase in budgeted income of \$232,926, and expenditures of \$413,066.

## DEBT ADMINISTRATION

At June 30, 2013, the City had \$492,853 of notes and other long-term debt outstanding, compared to \$595,265 last year as shown below.

	<u>Outstanding Debt at Year End</u>	
	<u>2013</u>	<u>June 30, 2012</u>
Urban renewal tax increment		
Financing revenue notes	\$ 492,853	\$ 595,265

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation of \$492,853 is below its constitutional debt limit of \$5,190,574. Additional information about the City's long-term debt is presented in Note 3 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Bloomfield, Iowa's elected and appointed officials and citizens considered many factors when setting the fiscal year 2014 budget, tax rates and fees charged for various City activities. One of those factors is the economy. Unemployment in the county now stands at 6.2% (July 2013) versus 5.4% a year ago. This compares with the State's unemployment rate of 4.8% and the national rate of 7.3%.

Inflation in the Midwest is somewhat higher than the national Consumer Price Index. The Midwest had a CPI increase of 5.043% for fiscal year 2013 compared with the national increase of 4.026%. Inflation has increased in part due to the state of the economy.

These indicators were taken into account when adopting the budget for fiscal year 2014. Amounts available for expenditure in FY 2014 are expected to decrease \$503,740 compared to the final FY 2013 budget. Expenditures in the FY 2014 budget are expected to decrease \$334,629 compared to the final FY 2013 budget. As a result of the above receipts and expenditures, the ending cash balance is expected to decrease \$121,239 by the end of FY 2014.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Carol Taylor, City Clerk, 111 West Franklin, Bloomfield, Iowa 52537.

## BASIC FINANCIAL STATEMENTS

CITY OF BLOOMFIELD, IOWA

STATEMENT OF ACTIVITIES AND NET POSITION - CASH BASIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	<u>Disbursements</u>	<u>Charges for Service</u>	<u>Program Receipts</u>	
			<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>
Governmental activities:				
Public safety	\$ 740,675	\$ 21,863	\$ 30,155	\$ -
Public works	617,026	192,770	252,827	-
Culture and recreation	358,343	51,435	49,274	110,087
Community and economic development	127,412	46,450	61,441	-
General government	142,302	42,641	-	-
Capital projects	1,549,160	-	-	1,130,132
Total governmental activities	<u>3,534,918</u>	<u>355,159</u>	<u>393,697</u>	<u>1,240,219</u>
Business type activities:				
Water	616,422	890,344	-	-
Sewer	426,784	582,585	-	-
Electric	2,921,299	3,385,741	-	-
Gas	709,629	897,962	-	-
Total business type activities	<u>4,674,134</u>	<u>5,756,632</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,209,052</u>	<u>\$ 6,111,791</u>	<u>\$ 393,697</u>	<u>\$ 1,240,219</u>
		X	X	X
General receipts and transfers:				
Property and other city tax levied for:				
General purposes				
Tax increment financing				
Local option sales tax				
Unrestricted interest on investments				
Miscellaneous				
Transfers				
Total general receipts and transfers				
Change in cash basis net position				
Cash basis net position beginning of year				
Cash basis net position end of year				
<u>Cash Basis Net Position</u>				
Restricted:				
Nonexpendable				
Expendable:				
Streets				
Urban renewal purposes				
Other purposes				
Unrestricted				
Total cash basis net position				

Net (Disbursements) Receipts and  
Changes in Cash Basis Net Position

Governmental Activities	Business Type Activities	Total
\$ (688,657)	\$ -	\$ (688,657)
(171,429)	-	(171,429)
(147,547)	-	(147,547)
(19,521)	-	(19,521)
(99,661)	-	(99,661)
(419,028)	-	(419,028)
<u>(1,545,843)</u>	<u>-</u>	<u>(1,545,843)</u>
-	273,922	273,922
-	155,801	155,801
-	464,442	464,442
-	188,333	188,333
-	<u>1,082,498</u>	<u>1,082,498</u>
<u>(1,545,843)</u>	<u>1,082,498</u>	<u>(463,345)</u>
814,929	-	814,929
358,255	-	358,255
221,461	-	221,461
2,808	16,016	18,824
5,005	132,989	137,994
<u>175,100</u>	<u>(175,100)</u>	<u>-</u>
<u>1,577,558</u>	<u>(26,095)</u>	<u>1,551,463</u> X
31,715	1,056,403	1,088,118
<u>769,419</u>	<u>2,778,306</u>	<u>3,547,725</u>
\$ <u>801,134</u>	\$ <u>3,834,709</u>	\$ <u>4,635,843</u>
\$ 128,870	\$ -	\$ 128,870
27,214	-	27,214
8,399	-	8,399
593,908	-	593,908
<u>42,743</u>	<u>3,834,709</u>	<u>3,877,452</u>
\$ <u>801,134</u>	\$ <u>3,834,709</u>	\$ <u>4,635,843</u>

## CITY OF BLOOMFIELD, IOWA

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
GOVERNMENTAL FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

	Special Revenue				Capital Projects			
	General	Other TIF	Employee Benefits	Friends of the Bloomfield Library	Water & Sewer CDBG	Airport Runway Project	Nonmajor	Total
<b>RECEIPTS:</b>								
Property tax	\$ 510,084	\$ -	\$ 304,845	\$ -	\$ -	\$ -	\$ -	\$ 814,929
Tax increment financing	-	358,255	-	-	-	-	-	358,255
Other City tax	-	-	-	-	-	-	261,866	261,866
Licenses and permits	38,590	-	-	-	-	-	-	38,590
Use of money and property	7,415	-	-	2,020	-	-	1,068	10,503
Intergovernmental	44,412	-	-	-	110,087	652,701	761,753	1,568,953
Charges for service	293,741	-	-	-	-	-	-	293,741
Miscellaneous	18,282	-	-	6,618	-	-	19,651	44,551
Total receipts	<u>912,624</u>	<u>358,255</u>	<u>304,845</u>	<u>8,638</u>	<u>110,087</u>	<u>652,701</u>	<u>1,044,338</u>	<u>3,391,388</u>
<b>DISBURSEMENTS:</b>								
Operating:								
Public safety	549,715	-	190,960	-	-	-	-	740,675
Public works	375,781	-	41,529	-	-	-	199,716	617,026
Culture and recreation	306,434	-	45,771	3,614	-	-	2,524	358,343
Community and economic development	45,781	30,000	-	-	-	-	51,631	127,412
General government	122,827	-	19,475	-	-	-	-	142,302
Capital projects	-	-	-	-	-	825,081	724,079	1,549,160
Total disbursements	<u>1,400,538</u>	<u>30,000</u>	<u>297,735</u>	<u>3,614</u>	<u>-</u>	<u>825,081</u>	<u>977,950</u>	<u>3,534,918</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(488,014)</u>	<u>328,255</u>	<u>7,110</u>	<u>5,024</u>	<u>110,087</u>	<u>(172,380)</u>	<u>66,388</u>	<u>(143,530)</u>
Other financing sources (uses):								
Sale of capital assets	145	-	-	-	-	-	-	145
Transfers in	629,750	-	-	-	-	50,000	115,100	794,850
Transfers out	(50,000)	(300,000)	-	-	-	-	(269,750)	(619,750)
Total other financing sources (uses)	<u>579,895</u>	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>(154,650)</u>	<u>175,245</u>
Net change in cash balances	91,881	28,255	7,110	5,024	110,087	(122,380)	(88,262)	31,715
<b>CASH BALANCES - Beginning of year</b>	<u>73,242</u>	<u>(20,100)</u>	<u>248,388</u>	<u>180,003</u>	<u>-</u>	<u>-</u>	<u>287,886</u>	<u>769,419</u>
<b>CASH BALANCES - End of year</b>	<u>\$ 165,123</u>	<u>\$ 8,155</u>	<u>\$ 255,498</u>	<u>\$ 185,027</u>	<u>\$ 110,087</u>	<u>\$ (122,380)</u>	<u>\$ 199,624</u>	<u>\$ 801,134</u>
<b>Cash Basis Fund Balances</b>								
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 128,870	\$ 128,870
Restricted for:								
Urban renewal purposes	-	8,155	-	-	-	-	244	8,399
Streets	-	-	-	-	-	-	27,214	27,214
Other purposes	-	-	255,498	185,027	110,087	-	154,260	704,872
Unassigned	165,123	-	-	-	-	(122,380)	(110,964)	(68,221)
Total cash basis fund balances	<u>\$ 165,123</u>	<u>\$ 8,155</u>	<u>\$ 255,498</u>	<u>\$ 185,027</u>	<u>\$ 110,087</u>	<u>\$ (122,380)</u>	<u>\$ 199,624</u>	<u>\$ 801,134</u>

## CITY OF BLOOMFIELD, IOWA

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES  
PROPRIETARY FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

	<u>Enterprise Funds</u>				
	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Gas</u>	<u>Total</u>
<u>Operating receipts:</u>					
Charges for service	\$ <u>890,344</u>	\$ <u>582,585</u>	\$ <u>3,385,741</u>	\$ <u>897,962</u>	\$ <u>5,756,632</u>
	X				
<u>Operating disbursements:</u>					
Business type activities	<u>616,422</u>	<u>426,784</u>	<u>2,921,299</u>	<u>709,629</u>	<u>4,674,134</u>
Excess of operating receipts over operating disbursements	<u>273,922</u>	<u>155,801</u>	<u>464,442</u>	<u>188,333</u>	<u>1,082,498</u>
<u>Non-operating receipts:</u>					
Interest on investments	2,263	3,608	5,847	4,298	16,016
Miscellaneous	<u>92,491</u>	<u>6,253</u>	<u>27,120</u>	<u>7,125</u>	<u>132,989</u>
Total non-operating receipts	<u>94,754</u>	<u>9,861</u>	<u>32,967</u>	<u>11,423</u>	<u>149,005</u>
	X				
Excess of receipts over disbursements	<u>368,676</u>	<u>165,662</u>	<u>497,409</u>	<u>199,756</u>	<u>1,231,503</u>
Transfers in	-	-	545,000	227,875	772,875
Transfers out	<u>(242,875)</u>	<u>(160,000)</u>	<u>(430,100)</u>	<u>(115,000)</u>	<u>(947,975)</u>
Total transfers	<u>(242,875)</u>	<u>(160,000)</u>	<u>114,900</u>	<u>112,875</u>	<u>(175,100)</u>
Net change in cash balances	125,801	5,662	612,309	312,631	1,056,403
<u>CASH BALANCES - Beginning of year</u>	<u>445,375</u>	<u>591,715</u>	<u>982,796</u>	<u>758,420</u>	<u>2,778,306</u>
<u>CASH BALANCES - End of year</u>	\$ <u>571,176</u>	\$ <u>597,377</u>	\$ <u>1,595,105</u>	\$ <u>1,071,051</u>	\$ <u>3,834,709</u>
<u>Cash Basis Fund Balances</u>					
Unrestricted	\$ <u>571,176</u>	\$ <u>597,377</u>	\$ <u>1,595,105</u>	\$ <u>1,071,051</u>	\$ <u>3,834,709</u>
	X				

## CITY OF BLOOMFIELD, IOWA

STATEMENT OF CHANGES IN CASH BALANCES  
FIDUCIARY FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

	Private Purpose Expendable Trusts				
	Avenue of Flags	Drug Awareness Resistance Education	Library Memorial	South Cemetery	Total
<u>Additions:</u>					
Use of money and property:					
Interest on investments	\$ -	\$ 5	\$ 4,992	\$ 68	\$ 5,065
Miscellaneous:					
Donations	-	510	3,688	-	4,198
Total additions	-	515	8,680	68	9,263
<u>Deductions:</u>					
Public safety	-	201	-	-	201
Culture and recreation	-	-	8,091	-	8,091
Total Disbursements	-	201	8,091	-	8,292
Net change in cash balances	-	314	589	68	971
<u>CASH BALANCES</u> - Beginning of year	47	358	504,870	11,956	517,231
<u>CASH BALANCES</u> - End of year	\$ 47	\$ 672	\$ 505,459	\$ 12,024	\$ 518,202
<u>Cash Basis Fund Balances</u>					
Restricted for special purpose	\$ 47	\$ 672	\$ 505,459	\$ 12,024	\$ 518,202

CITY OF BLOOMFIELD, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bloomfield, Iowa is a political subdivision of the State of Iowa located in Davis County. It was first incorporated in 1855 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water, sewer, electric and gas utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Bloomfield, Iowa has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Bloomfield, Iowa (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Blended Component Unit

The Friends of the Bloomfield Library was established as a non-profit corporation in accordance with Chapter 504A of the Code of Iowa. The Friends of the Bloomfield Library is legally separate from the City but is so intertwined with the City that it is, in substance, the same as the City. It is reported as part of the City and blended into the Special Revenue Funds. Although the Friends of the Bloomfield Library is legally separate from the City, its purpose is to benefit the City of Bloomfield, Iowa (the primary government) by soliciting contributions and managing those funds.

Joint Ventures

The City participates in the Mutchler Community Center Commission. The Commission was developed under a 28E agreement with Davis County for the construction, operation and maintenance of a community center.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Davis County Assessor's Conference Board, Davis County E-911 Joint Service Board and Davis County Emergency Management Commission. The City also participates in the Davis County Regional Service Agency, a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa.

B. Basis of Presentation

Government-wide Financial Statement – The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

CITY OF BLOOMFIELD, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

*Nonexpendable restricted net position* is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent funds.

*Expendable restricted net position* result when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* consist of cash balances not meeting the definition of the preceding categories. Unrestricted net position often have constraints on cash balances imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds even though the latter are excluded from the government-wide financial statement. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general and emergency levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue - The Other TIF fund is used to account for the receipt of tax increment financing collections. The Employee Benefits Fund is used to account for property taxes levied to pay for a portion of the City's employee benefits. The Friends of the Bloomfield Library fund is used to account for donations and expenses paid for the benefit of the Bloomfield Library.

Capital Projects - The Water and Sewer CDBG fund is used to account for capital projects financed in part with CDBG funds. The Airport Runway Fund is used to account for the repair/maintenance of the airport runway.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The Electric Fund accounts for the operation and maintenance of the City's electric distribution system.

The Gas Fund accounts for the operation and maintenance of the City's gas distribution system.

CITY OF BLOOMFIELD, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The City also reports fiduciary funds which focus on changes on cash basis net position. The City's fiduciary funds include the following:

The Private Purpose Expendable Trust Funds are used to account for assets held by the City under trust agreements which require income earned to be used to benefit particular programs.

C. Measurement Focus and Basis of Accounting

The City of Bloomfield, Iowa maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Governmental Cash Basis Fund Balances:

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information.

CITY OF BLOOMFIELD, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 2: CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest rate risk – The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

NOTE 3: NOTES PAYABLE

Annual debt service requirements to maturity for urban renewal tax increment financing revenue notes are as follows:

Year Ending June 30,	Urban Renewal Tax Increment Financing Revenue Notes	
	Principal	Interest
2014	\$ 492,853	\$ 13,672

Urban Renewal Tax Increment Financing Revenue Notes – The City issued \$595,266 of urban renewal tax increment financing (TIF) revenue notes in April 2011 for the purpose of defraying a portion of the costs of various construction and refurbishing projects within the urban renewal district. The proceeds of the urban renewal tax increment financing revenue notes shall be expended only for purposes which are consistent with the plans of the City's urban renewal area. The notes are not a general obligation of the City. However, the debt is subject to the constitutional debt limitation of the City. Total principal and interest remaining on the notes is \$506,525, payable through April 2014. For the current year, principal and interest paid was \$471,093.

NOTE 4: PENSION AND RETIREMENT BENEFITS

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 5.78% of their annual covered salary and the City is required to contribute 8.67% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$97,411, \$83,918, and \$81,743, respectively, equal to the required contributions for each year.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 5: COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation, compensatory time, casual hours and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation, compensatory time, sick leave, and casual leave payments payable to employees at June 30, 2013, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 39,499
Compensatory time	9,296
Sick leave	67,337
Casual leave	<u>3,191</u>
Total	\$ <u>119,323</u>

Sick leave is payable when used or, after an employment period of at least ten (10) years, upon termination, retirement or death.

This liability has been computed based on rates of pay in effect at June 30, 2013.

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 24 active and 3 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a full-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy – The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$479 for single coverage and \$1,209 for family coverage. For the year ended June 30, 2013, the City contributed \$219,903 and plan members eligible for benefits contributed \$34,750 to the plan.

CITY OF BLOOMFIELD, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 7: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Hotel/Motel Tax	\$ 24,750
	Enterprise:	
	Water	15,000
	Sewer	60,000
	Electric	415,000
	Gas	<u>115,000</u>
		<u>629,750</u>
Capital Projects:	Enterprise:	
Spec Building	Electric	<u>15,100</u>
Capital Projects:	General	<u>50,000</u>
Airport Project		
Enterprise:	Enterprise:	
Gas	Water	177,875
	Sewer	<u>50,000</u>
		<u>227,875</u>
Capital Projects:	Enterprise:	
Water & Sewer CDBG	Water	50,000
	Sewer	<u>50,000</u>
		<u>100,000</u>
Electric	Other TIF	300,000
	Road Use Tax	45,000
	Local Option Sales Tax	<u>200,000</u>
		<u>545,000</u>
		\$ <u>1,567,725</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

NOTE 8: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 9: DEFICIT BALANCES

These funds had deficit balances at June 30, 2013. These deficits will be eliminated with future program receipts.

• Airport Runway Project	\$ 122,380
• Lake Project	\$ 9,386
• CDBG WA & SR 2012	\$ 101,578

CITY OF BLOOMFIELD, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 10: HEALTH INSURANCE

The City has a group insurance policy which provides comprehensive medical coverage for eligible employees and, if elected, their spouses and dependents. The City's group insurance is a partially self-funded health plan. Under the self-funded plan, the City will reimburse eligible employee's for a portion of their deductibles as well as out-of-pocket expenses. The amount of the deductibles and out-of-pocket expenses for employees are as follows:

	<u>Deductible</u>	
	<u>Single</u>	<u>Family</u>
Employee	\$ 500	\$ 1,000

  

	<u>Out-of-Pocket</u>	
	<u>Single</u>	<u>Family</u>
Employee	\$ 1,500	\$ 3,000

The policy period is from January 1 to December 31. For the policy period the City has a maximum liability commitment of \$115,000. As of June 30, 2013 there is a remaining maximum liability commitment of \$95,231.

NOTE 11: CONSTRUCTION COMMITMENTS

Prior to June 30, 2013, the City had signed two construction contracts that are summarized below:

Total commitments	\$	1,372,346
Less amounts paid		<u>1,131,768</u>
Remaining commitments	\$	<u>240,578</u>

These commitments are for water and airport projects. The remaining balance at June 30, 2013 will be paid as work on the projects progress.

NOTE 12: RECLASSIFICATIONS

Certain amounts for the year ended June 30, 2012 have been reclassified to conform with June 30, 2013 presentation.

NOTE 13: SUBSEQUENT EVENTS

The City has evaluated subsequent events through November 22, 2013 the date statements were available to be issued.

Subsequent to June 30, 2013, the City has taken steps to pay the remaining portion of the loan with Success Bank as payments become due. The payments will be made from TIF collections.

## OTHER INFORMATION

CITY OF BLOOMFIELD, IOWA

BUDGETARY COMPARISON SCHEDULE  
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -  
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS  
OTHER INFORMATION  
YEAR ENDED JUNE 30, 2013

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Less Funds not Required to be Budgeted
<b><u>RECEIPTS:</u></b>			
Property tax	\$ 814,929	\$ -	\$ -
Tax increment financing	358,255	-	-
Other City tax	261,866	-	-
License and permits	38,590	-	-
Use of money and property	10,503	16,016	2,020
Intergovernmental	1,568,953	-	-
Charges for service	293,741	5,756,632	-
Miscellaneous	44,551	132,989	14,465
Total receipts	<u>3,391,388</u>	<u>5,905,637</u>	<u>16,485</u>
<b><u>DISBURSEMENTS:</u></b>			
Public safety	740,675	-	-
Public works	617,026	-	-
Culture and recreation	358,343	-	6,138
Community and economic development	127,412	-	-
General government	142,302	-	-
Capital projects	1,549,160	-	-
Business type activities	-	4,674,134	-
Total disbursements	<u>3,534,918</u>	<u>4,674,134</u>	<u>6,138</u>
Excess (deficiency) of receipts over (under) disbursements	(143,530)	1,231,503	10,347
Other financing sources (uses), net	<u>175,245</u>	<u>(175,100)</u>	<u>-</u>
Excess of receipts and other financing sources over disbursements and other financing uses	31,715	1,056,403	10,347
<b><u>BALANCES - Beginning of year</u></b>	<u>769,419</u>	<u>2,778,306</u>	<u>180,003</u>
<b><u>BALANCES - End of year</u></b>	\$ <u>801,134</u>	\$ <u>3,834,709</u>	\$ <u>190,350</u>

<u>Total</u>	<u>Budgeted Amounts</u>		<u>Final to Total Variance</u>
	<u>Original</u>	<u>Final</u>	
\$ 814,929	\$ 809,313	\$ 809,525	\$ 5,404
358,255	396,350	300,000	58,255
261,866	235,212	235,000	26,866
38,590	30,725	30,725	7,865
24,499	7,290	11,790	12,709
1,568,953	1,272,500	1,770,076	(201,123)
6,050,373	5,860,815	5,843,515	206,858
163,075	204,700	49,200	113,875
<u>9,280,540</u>	<u>8,816,905</u>	<u>9,049,831</u>	<u>230,709</u>
740,675	761,643	766,643	25,968
617,026	681,290	631,290	14,264
352,205	357,115	366,122	13,917
127,412	78,750	133,000	5,588
142,302	147,265	161,265	18,963
1,549,160	1,800,000	2,097,589	548,429
4,674,134	4,762,830	4,846,050	171,916
<u>8,202,914</u>	<u>8,588,893</u>	<u>9,001,959</u>	<u>799,045</u>
1,077,626	228,012	47,872	1,029,754
<u>145</u>	<u>-</u>	<u>600,000</u>	<u>(599,855)</u>
1,077,771	228,012	647,872	429,899
<u>3,367,722</u>	<u>4,031,655</u>	<u>3,885,208</u>	<u>(517,486)</u>
\$ <u>4,445,493</u>	\$ <u>4,259,667</u>	\$ <u>4,533,080</u>	\$ <u>(87,587)</u>

CITY OF BLOOMFIELD, IOWA

NOTES TO OTHER INFORMATION – BUDGETARY REPORTING

JUNE 30, 2013

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Funds, the Permanent Funds and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$413,066. The budget amendment is reflected in the final budgeted amounts.

## SUPPLEMENTARY INFORMATION

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

Special Revenue

	<u>Local Option Sales Tax</u>	<u>Road Use Tax</u>	<u>Chevron Tax Increment Financing</u>	<u>Farm to Market</u>	<u>Local Housing Assistance Program</u>	<u>D.C. Genealogy Society</u>	<u>FD Grant</u>	<u>Hotel/ Motel Tax</u>
<b>RECEIPTS:</b>								
Other City tax	\$ 221,461	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,405
Use of money and property	-	-	-	-	-	-	-	-
Intergovernmental	-	252,822	-	-	-	-	7,000	-
Miscellaneous	-	-	-	-	-	3,400	-	-
Total receipts	<u>221,461</u>	<u>252,822</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,400</u>	<u>7,000</u>	<u>40,405</u>
<b>DISBURSEMENTS:</b>								
Operating:								
Public works	-	199,716	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	3,400	-	7,676
Capital projects	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>199,716</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,400</u>	<u>-</u>	<u>7,676</u>
Excess (deficiency) of receipts over (under) disbursements	<u>221,461</u>	<u>53,108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,000</u>	<u>32,729</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	<u>(200,000)</u>	<u>(45,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,750)</u>
Total other financing sources (uses)	<u>(200,000)</u>	<u>(45,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,750)</u>
Net change in cash balances	21,461	8,106	-	-	-	-	7,000	7,979
CASH BALANCES - Beginning of year	<u>19,189</u>	<u>19,108</u>	<u>244</u>	<u>34,625</u>	<u>1,148</u>	<u>-</u>	<u>-</u>	<u>47,255</u>
CASH BALANCES - End of year	<u>\$ 40,630</u>	<u>\$ 27,214</u>	<u>\$ 244</u>	<u>\$ 34,625</u>	<u>\$ 1,148</u>	<u>\$ -</u>	<u>\$ 7,000</u>	<u>\$ 55,234</u>
<b>Cash Basis Fund Balances</b>								
Nonspendable:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:								
Urban renewal	-	-	244	-	-	-	-	-
Streets	-	27,214	-	-	-	-	-	-
Other purposes	40,630	-	-	34,625	1,148	-	7,000	55,234
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 40,630</u>	<u>\$ 27,214</u>	<u>\$ 244</u>	<u>\$ 34,625</u>	<u>\$ 1,148</u>	<u>\$ -</u>	<u>\$ 7,000</u>	<u>\$ 55,234</u>

SCHEDULE 1

Capital Projects								Permanent		Total
Parks & Recreation	Spec Building	Mainstreet	Park Improvements	Lake Project	Library Building	CDBG Downtown Revitalization	CDBG WA&SR 2012	IOOF Cemetery Perpetual Care	Library Bequest	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 261,866
-	-	-	-	-	-	-	-	1,035	33	1,068
-	-	20,000	4,500	-	-	332,589	144,842	-	-	761,753
7,847	-	-	-	-	5,684	-	-	2,720	-	19,651
7,847	-	20,000	4,500	-	5,684	332,589	144,842	3,755	33	1,044,338
-	-	-	-	-	-	-	-	-	-	199,716
2,524	-	-	-	-	-	-	-	-	-	2,524
-	14,932	20,011	5,612	-	-	-	-	-	-	51,631
-	-	-	-	39,386	5,684	332,589	346,420	-	-	724,079
2,524	14,932	20,011	5,612	39,386	5,684	332,589	346,420	-	-	977,950
5,323	(14,932)	(11)	(1,112)	(39,386)	-	-	(201,578)	3,755	33	66,388
-	15,100	-	-	-	-	-	100,000	-	-	115,100
-	-	-	-	-	-	-	-	-	-	(269,750)
-	15,100	-	-	-	-	-	100,000	-	-	(154,650)
5,323	188	(11)	(1,112)	(39,386)	-	-	(101,578)	3,755	33	(88,262)
-	62	11	5,672	30,000	-	-	-	125,115	5,477	287,886
\$ 5,323	\$ 230	\$ -	\$ 4,560	\$ (9,386)	\$ -	\$ -	\$ (101,578)	\$ 128,870	\$ 5,510	\$ 199,624
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 128,870	\$ -	\$ 128,870
-	-	-	-	-	-	-	-	-	-	244
-	-	-	-	-	-	-	-	-	-	27,214
5,323	230	-	4,560	-	-	-	-	-	5,510	154,260
-	-	-	-	(9,386)	-	-	(101,578)	-	-	(110,964)
\$ 5,323	\$ 230	\$ -	\$ 4,560	\$ (9,386)	\$ -	\$ -	\$ (101,578)	\$ 128,870	\$ 5,510	\$ 199,624

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CITY OF BLOOMFIELD, IOWA

SCHEDULE OF INDEBTEDNESS  
YEAR ENDED JUNE 30, 2013

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount Originally Issued</u>
Urban Renewal Tax Increment Notes:			
I-Jobs	April 28, 2011	6.00%	\$ 534,023
Main Street & CDBG	April 28, 2011	6.00%	<u>61,243</u>
			\$ <u>595,266</u>

SCHEDULE 2

<u>Balance</u> <u>Beginning</u> <u>of Year</u>	<u>Issued</u> <u>During</u> <u>Year</u>	<u>Redeemed/</u> <u>Cancelled</u> <u>During</u> <u>Year</u>	<u>Balance</u> <u>End</u> <u>of Year</u>	<u>Interest</u> <u>Paid</u>	<u>Interest</u> <u>Due and</u> <u>Unpaid</u>
\$ 534,022	\$ 342,124	\$ 383,293	\$ 492,853	\$ 26,455	\$ -
<u>61,243</u>	<u>-</u>	<u>61,243</u>	<u>-</u>	<u>102</u>	<u>-</u>
\$ <u>595,265</u>	\$ <u>342,124</u>	\$ <u>444,536</u>	\$ <u>492,853</u>	\$ <u>26,557</u>	\$ <u>-</u>

CITY OF BLOOMFIELD, IOWA

NOTE MATURITIES  
YEAR ENDED JUNE 30, 2013

Year Ending June 30,	Urban Renewal Tax Increment Financing Revenue Notes	
	<u>Issued Apr 28, 2013</u>	
	Interest Rates	Amount
2014	6.00%	\$ <u>492,853</u>
Total		\$ <u>492,853</u>

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION  
ALL GOVERNMENTAL FUNDS

FOR THE LAST NINE YEARS

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>RECEIPTS:</u>				
Property tax	\$ 814,929	\$ 766,138	\$ 742,459	\$ 687,520
Tax increment financing	358,255	349,999	331,049	341,642
Other City tax	261,866	233,036	226,184	264,442
Licenses and permits	38,590	38,011	29,456	38,537
Use of money and property	10,503	11,859	20,014	16,337
Intergovernmental	1,568,953	917,290	764,773	597,863
Charges for service	293,741	278,377	277,143	296,742
Miscellaneous	44,551	121,068	176,536	87,598
Total	\$ <u>3,391,388</u>	\$ <u>2,715,778</u>	\$ <u>2,567,614</u>	\$ <u>2,330,681</u>
<u>DISBURSEMENTS:</u>				
Operating:				
Public safety	\$ 740,675	\$ 705,974	\$ 700,429	\$ 911,793
Public works	617,026	867,334	686,137	601,284
Culture and recreation	358,343	360,449	399,727	367,633
Community and economic development	127,412	117,653	207,620	137,729
General government	142,302	146,189	117,912	134,076
Capital projects	<u>1,549,160</u>	<u>459,915</u>	<u>1,301,895</u>	<u>2,028,762</u>
Total	\$ <u>3,534,918</u>	\$ <u>2,657,514</u>	\$ <u>3,413,720</u>	\$ <u>4,181,277</u>

SCHEDULE 4

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 670,808	\$ 648,956	\$ 648,869	\$ 677,166	\$ 700,028
337,333	229,279	195,389	48,809	72,923
260,230	222,356	214,790	207,427	202,659
39,893	6,383	34,314	37,308	5,715
34,472	86,602	75,362	63,639	54,844
322,455	704,311	344,541	453,287	847,035
299,455	250,983	248,742	261,650	266,904
186,714	149,039	188,282	63,940	50,232
\$ <u>2,151,360</u>	\$ <u>2,297,909</u>	\$ <u>1,950,289</u>	\$ <u>1,813,226</u>	\$ <u>2,200,340</u>
\$ 813,615	\$ 712,514	\$ 566,472	\$ 571,870	\$ 535,694
669,967	747,352	924,508	477,861	520,585
413,019	290,368	262,538	307,765	262,042
282,121	202,406	206,898	95,360	471,511
126,002	106,464	112,061	104,437	104,241
901,765	117,499	27,720	2,356,824	819,655
\$ <u>3,206,489</u>	\$ <u>2,176,603</u>	\$ <u>2,100,197</u>	\$ <u>3,914,117</u>	\$ <u>2,713,728</u>

## CITY OF BLOOMFIELD, IOWA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2013

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency Pass-through Number</u>	<u>Program Expenditures</u>
Direct:			
U.S. Federal Aviation Administration:			
Airport Improvement Program	20.106	3-19-0008-04-2010	\$ 43,306
Airport Improvement Program	20.106	3-19-0008-06-2010	737,449
Total Direct			<u>780,755</u>
Indirect:			
Department of Transportation:			
State and Community Highway Safety	20.600	PAP 13-03, Task 117	2,042
State and Community Highway Safety	20.600	PAP 12-03, Task 114	2,391
			<u>4,433</u>
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's			
Program and Non-entitlement Grants in Hawaii	14.228	09-DTR-005	147,812
Community Development Block Grants/State's			
Program and Non-entitlement Grants in Hawaii	14.228	12-WS-006	157,917
			<u>305,729</u>
Total Indirect			<u>310,162</u>
			\$ <u>1,090,917</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Bloomfield, Iowa and is presented in conformity with an other comprehensive basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and  
Members of the City Council

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bloomfield, Iowa, as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 22, 2013. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Bloomfield, Iowa's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Bloomfield, Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bloomfield, Iowa's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Bloomfield, Iowa's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-13 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-B-13 to be a significant deficiency.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bloomfield, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

## The City of Bloomfield, Iowa's Responses to Findings

The City of Bloomfield, Iowa's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City of Bloomfield, Iowa's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the City of Bloomfield, Iowa's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Bloomfield, Iowa during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa  
November 22, 2013

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM, ON INTERNAL CONTROL OVER  
COMPLIANCE AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY OMB CIRCULAR A-133

To the Honorable Mayor and  
Members of the City Council:

Report on Compliance for Each Major Federal Program

We have audited the City of Bloomfield, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on the City of Bloomfield, Iowa's major federal programs for the year ended June 30, 2013. The City of Bloomfield, Iowa's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City of Bloomfield, Iowa's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Bloomfield, Iowa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of the City of Bloomfield, Iowa's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Bloomfield, Iowa complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of non-compliance which is required to be reported in accordance with OMB Circular A-133 and is described as item III-A-13 in the accompanying Schedule of Findings and Questioned Costs. Our opinion on the major federal programs is not modified with respect to this matter.

The City of Bloomfield, Iowa's response to the non-compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City of Bloomfield, Iowa's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control over Compliance

The management of the City of Bloomfield, Iowa, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Bloomfield, Iowa's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Bloomfield, Iowa's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control over compliance we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-13 to be a material weakness.

The City of Bloomfield, Iowa's response to the internal control over compliance finding identified in our audit is reported in the accompanying Schedule of Findings and Questioned Costs. The City of Bloomfield, Iowa's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response..

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

## Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the City of Bloomfield, Iowa as of and for the year ended June 30, 2013, and have issued our report dated November 22, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa  
November 22, 2013

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2013

Part I: Summary of the Independent Auditor's Results

- a) Unmodified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- c) The audit did not disclose any non-compliance which is material to the financial statements.
- d) A material weakness in internal control over the major programs was disclosed by the audit of the financial statements.
- e) An unmodified opinion was issued on compliance with requirements applicable to the major programs.
- f) The audit disclosed audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- g) The major programs were CFDA Number 14.228 – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii and CDFA Number 20.106 – Airport Improvement Program.
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i) The City of Bloomfield, Iowa did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements

Internal Control Deficiencies:

- II-A-13 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash is received and recorded by the same person.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances, utilizing currently available staff, including elected officials.

Response – We will consider this.

Conclusion – Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

- II-B-13 Reconciliation of Utility Billings, Collections and Delinquent Accounts – Utility billings, collections and delinquent accounts were not reconciled throughout the year.

Recommendation – Procedures should be established to reconcile utility billings, collections and delinquent accounts for each billing period. The City Council or a Council-designated independent person should review the reconciliations and monitor delinquencies.

Response – We will consider this.

Conclusion – Response accepted.

Instances of Noncompliance:

No matters were noted.

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2013

Part III: Findings and Questioned Costs For Federal Awards:

Instances of Noncompliance:

No matters were noted.

Internal Control Deficiencies:

CFDA Number 14.228: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii.

Pass – through Agency Number: 09-WS-006 and 09-DTR-005

Federal Award Year: 2009

U.S. Department of Housing and Urban Development

Passed through the Iowa Department of Economic Development

CFDA Number 20.106: Airport Improvement Program

Pass – through Agency numbers: 3-19-0008-04-2010 and 3-19-0008-06-2010

Federal Award Year: 2010

U.S. Federal Aviation Administration.

III-A-13 Segregation of Duties over Federal Receipts – The City did not properly segregate collection, deposit and record-keeping for receipts, including those related to federal programs. See item II-A-13

Part IV: Other Findings Related to Required Statutory Reporting

IV-A-13 Certified Budget – Disbursements during the year ended June 30, 2013 did not exceed the amounts budgeted.

IV-B-13 Questionable Disbursements – No disbursements were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-13 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-13 Business Transactions – No business transactions between the City and City officials or employees were noted.

IV-E-13 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-13 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not. However, in accordance with the Code of Iowa, minutes are required to be published within 15 days of the Council meeting. The minutes for the meeting held March 21, 2013, were not published within 15 days of the Council meeting.

Recommendation – The Council should ensure all minutes are published to comply with the Code of Iowa.

Response – We will do so from now on.

Conclusion – Response accepted.

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2013

Part IV: Other Findings Related to Required Statutory Reporting (Continued)

IV-G-13 Deposits and Investments – An instance of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the City's investments policy was noted. The City does not have public funds custodial agreements with all of the financial institutions the City does business with as required by Chapter 128.10C of the Code of Iowa.

Recommendation – The City should obtain public funds custodial agreements for all of the City's depositories.

Response – We will do so.

Conclusion – Response accepted.

IV-H-13 Financial Condition – The Airport Runway Project, Lake Project and CDBG WA and SR 2012 funds had deficit balances at June 30, 2013.

Recommendation – The City should investigate alternatives to eliminate these deficits in order to return the funds to a sound financial position.

Response – We will review our budgeting and financial management procedures. The deficit will be eliminated with future receipts.

Conclusion – Response acknowledged.

IV-I-13 Revenue Bonds and Notes – No instances of non-compliance with revenue bond and note resolutions were noted.